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December 12, 2003

**COPY**

Peter S. Gilster, Esq.  
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2000 Equitable Building  
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Re: International Publication No. WO 00/39694A1  
U.S. Patent Application No. US2001/0014865A1  
Our File: 1762-010808

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MAR 10 2004

**GROUP 8600**

Dear Mr. Gilster:

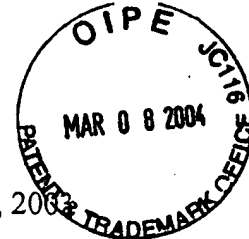
We are in receipt of your letter of October 24, 2003 directed to the above-referenced patent applications filed by Software Management, Inc. We have reviewed your letter, together with the report of your independent computer consultant, Mr. Rex E. Reed, whom you retained to study the Event Business Management System ("EBMS") of Ungerboeck Systems International ("USI"). While we appreciate Mr. Reed's report and opinion, we note that this opinion is merely a description of USI's EBMS system, as it is purported to have existed in 1997.

You allege in your letter that the EBMS system supports "essentially all of the functionality and features described and claimed" in my client's patent application. You have not attached any claim analysis, and Mr. Reed's opinion does not discuss any of the independent claims (or any claims whatsoever) of my client's pending patent applications. In fact, Mr. Reed's opinion states that "most of the features described by the SMI patent filing, though differing in terminology, methodology, implementation and usage procedures" are covered by the EBMS system. This statement alone calls into question your expert's opinion, since he is not referring to any claims and even admits that the invention described in the SMI application uses different terminology, employs different methods, is implemented in a different manner and is even used in a different manner. Next, your expert admits that there are features described in the patent filing that are not covered by the EBMS system. He then notes that these features "appear" to have been known by USI's software engineers but were not programmed due to a lack of market demand. Not only does such a statement admit distinguishing characteristics, but it provides no verifiable prior art basis or reference in this regard.

Peter S. Gilster, Esq.

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December 12, 2003



We appreciate your preparation to support our "responsibility" to advise the United States Patent and Trademark Office of the EBMS software of USI as prior art material to the patentability of the pending applications. As licensed patent attorneys, we are certainly aware of our duties, responsibilities and patent practice requirements when prosecuting a patent application. We appreciate the offer to share with us your understanding of the state of the EBMS functionality as of 1997, and we accept your offer. Please provide us with full working copies of the EBMS software and associated documentation as it existed in 1997, together with some means of verifying the state of software at that point, that is to say an independent verification procedure as opposed to a mere allegation by USI. To the extent you provide us with a verifiable prior art system and documentation, we will, in turn, provide it to the United States Patent and Trademark Office for consideration.

In the last paragraph of your letter, you ask for our confirmation of submission of information regarding the EBMS software of USI to the United States Patent and Trademark Office. We are confused by your statement, as you have not provided us with a copy of the system (or code) and associated documentation for submission. As you are aware, we have no duty to submit an unverified and indescriptive alleged chronology to the Patent Office. Again, upon receipt of a fully functional copy of the EBMS system and associated documentation, together with an independent verification of its date, we will submit this "prior art" to the Patent Office.

On a final note, in discussing this issue with my client, he has informed me that he and your client have been working together in the same industry for many years. Further, my client has a tremendous amount of respect for your client, his company and his advances in the technology over the years. However, we remain steadfast in our position that the above-referenced patent applications represent and embody new, useful and non-obvious inventions that are easily distinguishable over the prior art of record. After you have had a chance to review this letter, please call me to discuss how best to proceed in this matter.

Very truly yours,

Nathan J. Prepelka

NJP/lcs

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**MAR 10 2004**

**GROUP 3600**